

Message Text

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67

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 DRC-01 XMB-07 IO-14 SIL-01 LAB-06

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

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R 260219Z JUN 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 4506

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E.O. 11652: N/A

TAGS: EIND EMIN ETRD KS

SUBJECT: REQUEST FOR INFORMATION ON KOREAN STEEL INDUSTRY

REF: STATE 127209

1. KOREA'S AMBITIOUS PLANS FOR GREATLY EXPANDED STEEL PRODUCTION IN THE 1980'S ARE CURRENTLY IN A STATE OF FLUX. THE OFFICIAL ESTIMATES BELOW ARE FROM THE MINISTRY OF COMMERCE AND INDUSTRY AND REPRESENT THE HEAVY INDUSTRY PLAN TARGET ESTIMATES THROUGH 1981 STILL BEING USED PUBLICLY. THE "EXPERT" ESTIMATES BELOW REPRESENT THE CONCLUSIONS OF A RECENT US STEEL FEASIBILITY STUDY TENTATIVELY ACCEPTED BY KOREAN EXPERTS ASSOCIATED WITH IT BUT NOT YET OFFICIALLY ACCEPTED OR PUBLICIZED. US STEEL STUDY CONCLUDES THAT IT WILL NOT BE POSSIBLE TO ATTAIN THE 1980 MCI CAPACITY TARGET UNTIL 1983, ALTHOUGH KOREA'S DOMESTIC DEMAND AND EXPORT POTENTIAL (ESTIMATED AT 3.4 MILLION MT) IN 1980 WOULD WARRANT PRODUCTION OF 11.4 MILLION MT. THE US STEEL STUDY RECOMMENDS CONTINUED EXPANSION UP TO 24.2 MILLION MT

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CAPACITY IN 1988, STILL BELOW ESTIMATED TOTAL DOMESTIC

AND EXPORT DEMAND OF 28.9 MILLION MT IN THAT YEAR.

2. FOLLOWING ARE DATA REQUESTED PARA 1 REFTEL IN
MILLION OF UNITS:

OFFICIAL EXPERT

A. CAPACITY BEGINNING 1974 2.4 2.4

B. EST. CAPACITY IN 1980 14.2 4.9

C. COST OF INCREASED CAPACITY
IN 1974 \$ N. A. 1.4

D. DOMESTIC DEMAND IN 1980 8.0 8.0

E. AVAILABLE FOR EXPORT IN 1980 2.7 N.A.

3. RE LINE E, OFFICIAL FIGURE REPRESENTS ROUGH MCI
ESTIMATE THAT 1980 PRODUCTION WILL BE 75 PERCENT OF
CAPACITY AND EXPORTS 75 PERCENT OF PRODUCTION, WITH
DESTINATIONS NOT ESTIMATED. NO ESTIMATES BASED ON
MUCH LOWER 1980 CAPACITY AND PRODUCTION HAVE YET
BEEN MADE FOR PROBABLE 1980 EXPORTS. IN 1973 KOREAN IRON
AND STEEL IMPORTS CIF WERE \$314 MILLION (CHIEFLY
COILS FROM JAPAN) AND KOREAN EXPORTS WERE \$189 MILLION
(CHIEFLY SHEETS AND PLATES TO A VARIETY OF MARKETS.)
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Message Attributes

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